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5 Things About Mt. Gox's Crisis

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2 minutes

Mt. Gox, the big bitcoin exchange, has disappeared overnight. Rumors are swirling that it's insolvent, that a rescue plan is coming from the bitcoin community, and in the confusion questions are being raised about the reliability of bitcoin itself. This may be a story about a private company, but the crisis will have ramifications for the company, the customers doing business with it, and bitcoin itself.

Until last summer, Mt. Gox was the biggest trading platform for bitcoin. The firm started operations as a bitcoin exchange in July of 2010, but it began in 2009 as an online exchange for trading cards for Magic: The Gathering (thus, Mt. Gox is an acronym of Magic: The Gathering Online Exchange). In 2011, Jed McCaleb, who started the site, sold it to the Mark Karpeles and his company Tibanne. By 2013, it was handling 70% of all bitcoin trading.

But it has been dogged by hacks, glitches and shutdowns throughout its brief life. The exchange suspended withdrawals for two weeks in June and July of 2013, at which time rumors of its solvency were widespread. At the same time, other trading

platforms, like bitstamp, and BTC-e, have been growing and stealing trading volume.

Where Mt. Gox goes, if anywhere, isn't clear right now, but as the story unfolds, here are five themes to keep in mind.